



Ninety-Ninth Legislature - First Session - 2005
Committee Statement
LB 126

Hearing Date: January 18, 2005

Committee On: Education

Introducer(s): (Raikes, Baker, Beutler, Bourne, Byars, Engel, Janssen, Jensen, Mines, Price, Redfield, Stuhr)

Title: Change provisions relating to school district reorganization

Roll Call Vote – Final Committee Action:

- X Advanced to General File
 - Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

- | | |
|---------------------|---|
| 7 Yes | Senators Bourne, Byars, Howard, Kopplin, Raikes, Schrock, and Stuhr |
| 1 No | Senator McDonald |
| Present, not voting | |
| Absent | |
-

Proponents:

Senator Ron Raikes
Jim Griess
Steve Joel

Roger Harms
Jerry Sellentin
Fred Meyer
Don Buser
Renee Jacobsen
Craig Pease

Opponents:

Edward J. Swotek
Patty Herrman
Steve VanMeter
Jenny Stracke
Jeanni Hohnstein
Steven Swidler
Ladell Earney
Anna C. Anderson

Representing:

Introducer
Nebraska State Education Association
Grand Island Public Schools / Greater Nebraska Schools Association
Grand Island Public Schools
Nebraska Council of School Administrators
State Board of Education
Self
Plattsmouth Community Schools
self

Representing:

Oak Valley School
Cheney School Educators
Class I's United
Class I's United / Rural Schools of West Holt
Scotts Bluff Co. Rural Schools / Lake Alice
Oak Valley School
Dawes Co. Class I Schools
Class I's United / Phelps Co. R-4 School

George Lauby
Kevin Cooksley
Dave Lynn
Tom Davis
Jamie Isom
Cary Meyer

Dawson Co. Class I Interlocal / Dawson Dist. #22
Broken Bow Public Schools
Adams Central Jr./Sr. H.S.
NEN Rural Schools
Valentine Rural H.S.
NEN Rural Schools

Neutral:

Representing:

Summary of purpose and/or changes:

Legislative Bill 126 would require the assimilation of Class I school districts into K-12 school districts for the 2006-07 school year.

Membership Percentages

The first step in the process would be to calculate membership percentages to be used in determining where the valuation of the Class I district would be attached.

1. On or before September 10, 2005, each Class I would be required to certify the highest grade offered by the district and a list of students who completed the highest grade offered in school years 2001-02, 2002-03, and 2003-04 to the high school districts.
2. On or before October 1, 2005, the high school districts would be required to certify to the Class I school district a modified list specifying the students who both appear on the list provided by the Class I school district and were enrolled in the high school district in school years 2002-03, 2003-04, or 2004-05. The modified list would also specify students who were residents of the Class I school district, but who completed the highest grade offered by the Class I school district as an enrollment option student in the high school district in school years 2001-02, 2002-03, or 2003-04.
3. The secretary of Class I school board would determine the membership percentage for each associated high school district by dividing the number of students specified in the modified list by the total number of students specified by all associated high school districts. If a high school district fails to provide the modified list by the deadline, the high school district would be deemed to have had no such students and would have a membership percentage of 0%.
4. On or before November 1, 2005, each Class I school district would be required to certify to the State Committee for the Reorganization of School Districts and to each associated high school districts a list of all membership percentages calculated by the Class I school district.

If the Class I school district fails to certify membership percentages, the State Committee would be required to issue an order on or before December 1, 2005 dissolving the school district and

attaching the territory to the high school district with which the territory is affiliated or a part. The assets and liabilities, except bonded indebtedness, would be distributed to the high school districts in proportion to the taxable valuation of the attached territory. The territory obligated for existing bonded indebtedness would not change. The attendance centers would not receive the protection otherwise provided in this measure. The State Committee would not be required to conduct public hearings prior to issuing the orders and the effective date for the orders would be June 15, 2006.

Distribution of Territory, Assets, and Liabilities

For Class I districts that comply with the requirements to certify membership percentages, the State Committee would be required to issue orders on or before December 1, 2005 dissolving the Class I districts and attaching the territory to high school districts as follows:

1. If a valid statement of commitment is filed with the State Committee on or before November 1, 2005, the territory would be attached to high school districts according to the statement. To create a valid statement of commitment, the Class I school board would be required to hold a public hearing on or before October 1, 2005 and the statement would be required to:
 - a. Specify the high school districts with which the territory of the Class I school district will be attached and the territory to be attached to each specified school district; and
 - b. Be approved by the school boards of:
 - i. The Class I school district;
 - ii. All Class II, II, IV, or VI school districts with which territory of the Class I school district is affiliated;
 - iii. All Class VI school districts with which territory of the Class I school district is a part; and
 - iv. All Class II, III, IV, or VI school districts which will receive territory from the Class I school district.

The Department of Education would be allowed to prescribe the form and required elements for statements of commitment.

2. If a valid statement of commitment was not filed and the primary high school district has a membership percentage of at least 50%, the territory of the Class I school district shall be attached to the high school districts with which the territory is affiliated or a part.
3. If a valid statement of commitment was not filed and the primary high school district does not have a membership percentage of at least 50%:
 - a. The territory of the Class I school district that is affiliated with or a part of a high school district that has a membership percentage of at least 20% shall be attached to such high school district; and
 - b. The territory of the Class I school district that is affiliated with or a part of a high school district that has a membership percentage that is not at least 20%

shall be attached to the high school district which has the largest membership percentage.

The orders would transfer all assets and liabilities of the Class I school districts, except bonded indebtedness, as follows:

1. If the territory of the Class I school district is attached pursuant to a statement of commitment, the assets and liabilities of the Class I school district would be transferred to the high school district which will receive the largest percentage of the taxable valuation;
2. If the territory of the Class I school district is attached pursuant to the provisions applying when the primary high school district has a membership percentage of at least 50%, the assets and liabilities of the Class I school district would be transferred to the primary high school district; and
3. If the territory of the Class I school district is attached pursuant to the provisions applying when the primary high school district does not have a membership percentage of at least 50%, the assets and liabilities of the Class I school district would be transferred to the high school district with the largest membership percentage.

The territory obligated for existing bonded indebtedness would not change.

On or before December 1, 2005, the State Committee would be required to issue orders reclassifying each Class VI school district as a Class II or Class III school district. The territory of Class I school districts ordered to be attached to a Class VI school district would be attached to the new Class II and Class III school districts. The existing school board members of each Class VI school district as of June 15, 2005, would continue as the school board members for the new Class II or Class III school district.

The orders would be issued without regard to the provisions of any affiliation agreements and without a requirement for the State Committee to hold public hearings. The effective date for the orders would be June 15, 2006.

Protection of Elementary Attendance Centers

Beginning June 15, 2006, school boards would be prohibited from closing an elementary attendance center or changing the grades offered at an elementary attendance center if:

1. The fall membership of the attendance center for the prior school year included a number of resident students equal to at least 2.5 times the number of grades offered; and
2. The attendance center is at least 10 miles from another elementary attendance center within the district or the attendance center is the only elementary attendance center located within the boundaries of an incorporated city or village.

Beginning June 15, 2006 until July 1, 2010, school boards would be prohibited from closing an elementary attendance center or changing the grades offered at an elementary attendance center without the approval of at least 75% of the school board if:

1. The fall membership of the attendance center for the prior school year included a number of resident students equal to at least 2 times the number of grades offered;
2. The attendance center is at least 10 miles from another elementary attendance center within the district; or
3. The attendance center is the only elementary attendance center located within the boundaries of an incorporated city or village.

An elementary attendance center would be a building in which education was offered by a school district in one or more of the grades kindergarten through grade 4. The grades offered at the attendance center would include any grade for which a student could enroll and receive education at the attendance center for the specified school year. The relocation of some or all of the students to an alternate attendance center for a period not to exceed 2 years would not constitute the closing of an attendance center or a change in the grades offered. Resident students would mean those students who reside within the boundaries of the school district which contains the attendance center in the school year for which the students are counted.

Protection of School Buildings in Annexations

Section 79-473 would be amended by providing that school buildings, facilities, and land owned by any class of school district shall remain a part of the school district if included in annexed territory. Currently the provision only applies to buildings, facilities, and land owned by Class VI districts.

Transportation

Section 79-611 would be amended by eliminating the exemption from transportation requirements for former Class VI school districts.

Section 79-1028 would be amended by adding an exception to the budget limitation for school districts that have been exempt from transportation requirements due to the district's prior status as a Class VI school district. The exemption would equal anticipated transportation expenditures necessary to meet new transportation requirements as approved or modified by the Department of Education. Actual transportation expenditures necessary to meet new transportation requirements for 2006-07 would be calculated and the applicable allowable growth rate would be modified if needed.

Tax Equity and Educational Opportunities Support Act

Section 79-1003 would be amended by modifying the definition of local system for the calculation of state aid to reflect the changes required by this measure. For the 2006-07 school

fiscal year, the certification of state aid would reflect transfers of property that would not occur until June 15th.

Section 79-1016 would be amended to allow the Property Tax Administrator until December 31, 2005 to certify adjusted valuations. The deadline is normally October 10th.

Sections 79-1022, 79-1026, 79-1027, and 79-1083.02 would be amended by delaying the certification of state aid, the necessary funding level, budget authority, allowable reserve percentages, and primary high school designations for 2006-07 until March 1, 2006. The deadlines are normally February 1st. Obsolete language is also deleted.

Section 79-1031.01 would be amended by recognizing that the Appropriations Committee would not receive the amount necessary to fund state aid until March 1st for 2006-07.

Section 79-1083.03 would be amended by limiting the applicability of Class I budget authority provisions to school fiscal years prior to school fiscal year 2006-07.

School District Corporate Powers Provision Streamlining

Section 79-405 would be amended with a minor revision to the corporate powers that apply to all school districts. The corporate powers provisions specific to the different classes of school districts differ insignificantly from the provisions for all districts. The revised provisions would exactly match the current provisions specific to Class III districts. Section 79-407 would be amended by removing the corporate powers provision specific to Class III districts. Section 79-408 would be amended by removing the corporate powers provisions specific to Class IV school districts. Section 79-409 would be amended by deleting the corporate powers provisions specific to Class V school districts.

Other Technical and Harmonizing Changes

Section 32-542 would be amended by eliminating provisions for the new school board when a Class I school district is created from a Class I school district.

Section 79-401 would be amended by revising the goals for the reorganization of school districts. The goal would be for all property and students to be in K-12 districts, not systems. Language is eliminated that suggests Class VI systems meet the goal. The goal of encouraging cooperative programs would no longer need to be limited to K-12 districts if all districts are K-12 districts. Section 79-402 would be amended by replacing the requirement for all property and students to be in K-12 systems by July 1, 1993 with a requirement for all property and students to be in K-12 districts by August 1, 2006. Language is eliminated stating that the Legislature will have attained its school reorganization goals for Class I districts as described in section 79-401 effective July 1, 1993 with the full implementation of affiliation.

Section 79-403 would be amended by eliminating the exceptions to the prohibition against the creation of new school districts that do not provide instruction in kindergarten through grade 12. Section 79-410 would be amended to clarify that districts formed as high school districts would only be Class VI school districts until reorganized into Class II or III districts.

Section 79-413 would be amended by removing provisions for the reorganization or affiliation of Class I school districts under the petition method. Obsolete language regarding reorganization incentives would be deleted. Actions of the State Committee taken to comply with the new provisions of this act would be exempt from the appeals provisions.

Sections 79-415, 79-416, 79-433, 79-434, 79-452, 79-454, 79-455, and 79-470 would be amended by removing provisions for the dissolution, reorganization, or affiliation of Class I school districts. Section 79-418 would be amended by adjusting cross references to reflect the outright repeal of section 79-417. Sections 79-419 and 79-443 would be amended by eliminating provisions for the creation of new Class VI districts.

Section 79-433 would be further amended by clarifying that within the definition of “reorganization of school districts” the alteration of boundaries of established school district would only apply to established Class II, III, IV, or V school districts.

Sections 79-422 and 79-449 would be amended by eliminating provisions that require bonded indebtedness that preceded affiliation to remain the obligation of the high school district unless otherwise specified in the petition.

Section 79-447 would be amended by removing provisions for changing the boundaries of Class VI districts and for Class I voting units. Section 79-479 would be amended by eliminating provisions related to the affiliation of Class I districts and the creation of new Class I districts.

Section 79-499 would be amended by causing Class II and III districts whose membership is less than 25 students in grades 9-12 to merge with another Class II, III, IV, or V district, instead of becoming a Class I district, if the membership is less than 25 for two years or if the district contracts for one year and the membership does not reach 50 students.

Sections 79-4,101 and section 79-556 would be amended by harmonizing cross-references with outright repeals and other changes. Section 79-4,108 and 79-4,111 would be amended by eliminating the inclusion of Class I districts in unified systems.

Section 79-850 would be amended to recognize the new provisions of this act as a method of reorganization.

Delayed Operative Date for Certain Sections

The new section for the protection of elementary attendance centers and the elimination of the definitions of Class I school districts and Class VI school districts in § 79-102 would become operative on June 15, 2006. The changes regarding transportation requirements for former Class VI districts and the additional budget authority would also become operative on June 15, 2006.

Outright Repeals

The following sections would be outright repealed:

1. Section 79-404, which allows the merger of Class I districts within a Class VI system;

2. Section 79-406, which allows the creation of a Class II district from a Class I district;
3. Section 79-411, which allows Class VI districts to extend the grade offerings;
4. Section 79-417, which provides for the merger of two Class I districts;
5. Sections 79-424 to 79-427, which provide for petitions and plans for affiliation;
6. Section 79-431, which provides for the dissolution of Class I districts and affiliation when a high school district reorganizes;
7. Section 79-472, which allows the conversion of a Class II district into a Class I district;
8. Section 79-477, which provides for the discontinuance of Class VI districts;
9. Section 79-478, which allows Class I districts to withdraw from disapproved Class VI districts;
10. Sections 79-492 to 495, which provide for new Class I districts. Some of the sections state that they apply to new Class II districts, but cross references to 79-492 eliminate the applicability to Class II districts;
11. Section 79-4,109, which provides for reaffiliation; and
12. Section 79-4,110, which restricts the reorganization of Class I districts.

Explanation of amendments, if any:

Senator Ron Raikes, Chairperson